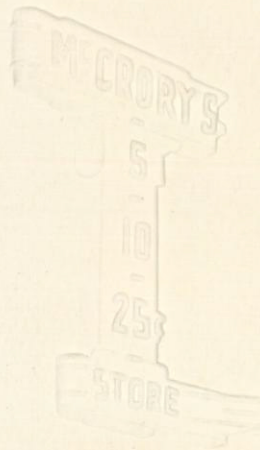


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CORPORATION FILE

McCRORY STORES CORPORATION

Annual Report

1949



Directors

RANDOLPH CATLIN

R. F. COPPEDGE

A. J. FINK

FRANK J. HUMPHREY

N. BAXTER JACKSON

ROBERT W. JAMESON

HARRY O. LATHAM

WILLIAM L. LESS

F. W. PAUL

LEONARD SPANGENBERG

EUGENE W. STETSON

Executive Committee

ROBERT W. JAMESON, *Chairman*

R. F. COPPEDGE

A. J. FINK

FRANK J. HUMPHREY

EUGENE W. STETSON

LEONARD SPANGENBERG

Officers

R. F. COPPEDGE, *Chairman of the Board of Directors*

F. W. PAUL *President*

G. C. CHAMBERS *Vice President*

R. A. VROOM *Vice President*

M. O. HILL *Vice President*

T. C. LAWRENCE *Financial Vice Pres. & Secretary-Treasurer*

H. H. BOSCH *Comptroller*

General Counsel *Sullivan & Cromwell, New York, N. Y.*

Auditors *S. D. Leidesdorf & Co., New York, N. Y.*

Transfer Agent *Guaranty Trust Company of New York*

Registrar

Common Stock *Bankers Trust Company, New York, N. Y.*

Preferred Stock *Chemical Bank & Trust Company, New York, N. Y.*

General Office *1107 Broadway, New York, N. Y.*

**DIRECTORS
AND
OFFICERS**

February 15, 1950

TO THE STOCKHOLDERS:

The Annual Report of the McCrory Stores Corporation for the Year 1949 is presented herewith together with the report of S. D. Leidesdorf & Co., Certified Public Accountants.

Net Sales of \$95,767, 297. for the Year 1949 were 1.9% less than the sales reported for the Year 1948. The decline in the general level of prices and the reduction in consumer demand in certain areas where local conditions interrupted the steady flow of income to the buying public affected the sales volume.

Net Income for the Year 1949 amounted to \$4,831,191. After Preferred Dividends, earnings on Common Stock amounted to \$4.05 per share compared with \$4.63 per share in 1948.

Dividends paid to stockholders amounted to \$3,060,602. Of this amount \$2,850,602. equivalent to \$2.50 per share was paid to Common stockholders.

Capital expenditures during 1949 amounted to approximately \$4,300,000. compared with \$3,900,000. in 1948 and \$2,300,000. in 1947, an aggregate of \$10,500,000. over the past three years.

Two new stores were completed during 1949; the store in Waco, Texas which replaces a former location was opened in July, 1949; the store at Lafayette, La. is a new location and was opened December 3, 1949. The lease of one store which expired at the year end was not renewed.

Large-scale expansion and modernization was undertaken and completed at nine stores and minor alterations were made at six other stores.

The logo for McCrory Stores Corporation is enclosed in a decorative, hand-drawn style border. The text "McCRORY STORES CORPORATION" is written in a bold, sans-serif font, with "McCRORY" on the first line, "STORES" on the second line, and "CORPORATION" on the third line.

**McCRORY
STORES
CORPORATION**

While the flow of business was interrupted at these stores during alterations, the added sales volume and efficient operation obtained upon their completion helped materially in the final results for the Year.

Planned capital expenditures during 1950 are estimated at approximately \$2,500,000., the major portion of which will be allocated to the expansion and modernization of present stores.

The past ten years have seen a steady growth in the number of holders of the Company's Common Stock. At the last record date, December 16, 1949 there were 5,352 common stockholders as compared with 2,328 in 1940, the national distribution of common stock ownership was as follows:

State	No. of Holders	State	No. of Holders	State	No. of Holders	State	No. of Holders
Alabama	14	Kansas	21	New Jersey ..	335	Utah	3
Arizona	6	Kentucky	68	New Mexico ..	1	Vermont	7
Arkansas	19	Louisiana	43	New York ..	1110	Virginia	96
California	157	Maine	24	North Carolina	41	Washington ..	9
Colorado	16	Maryland	746	North Dakota ..	1	West Virginia	55
Connecticut ..	83	Massachusetts	427	Ohio	193	Wisconsin	43
Delaware	5	Michigan	72	Oklahoma	12	Wyoming	2
Wash., D. C. .	69	Minnesota	30	Oregon	14		
Florida	200	Mississippi	25	Pennsylvania ..	810	Canada	9
Georgia	57	Missouri	72	Rhode Island ..	19	Canal Zone ..	1
Idaho	1	Montana	4	South Carolina	20	Costa Rica	1
Illinois	189	Nebraska	11	South Dakota ..	4	Hawaii	1
Indiana	44	Nevada	3	Tennessee	35		
Iowa	26	New Hampshire	14	Texas	84		

On behalf of the Board of Directors I wish to thank the Officers and Employees throughout the Company for their efforts and splendid co-operation which contributed greatly to the successful operation of the Company in 1949.

BY ORDER OF THE BOARD OF DIRECTORS

R. F. Coppedge

R. F. COPPEDGE, *Chairman*

**REPORT
TO
STOCKHOLDERS**

Ten Year Comparison

SALES AND PROFITS

	Number of Stores	Net Sales	Income before Federal Taxes	Income after Federal Income Taxes	Per Share of Common Stock		
					Income Taxes	Net Income	Dividends
1949	201	\$95,767,297	\$ 7,586,191	\$4,831,191	2.42	4.05	2.50
1948	202	97,588,160	8,688,740	5,488,740	2.81	4.63	2.80
1947	199	91,225,698	10,052,812	6,302,812	3.29	5.34	2.65
1946	199	84,509,508	10,537,776	6,537,776	3.51	5.55	2.00
1945	199	71,282,195	8,282,254	2,372,254	5.70	2.00	1.00
1944	203	71,324,436	8,182,804	2,182,804	6.06	1.90	1.00
1943	201	67,351,104	6,363,542	2,288,542	4.11	2.01	1.00
1942	202	62,613,293	6,184,753	2,184,753	4.04	1.90	1.00
1941	202	53,013,016	4,399,094	2,522,594	1.90	2.24	1.25
1940	199	46,207,993	2,911,199	2,332,511	.59	2.05	1.00

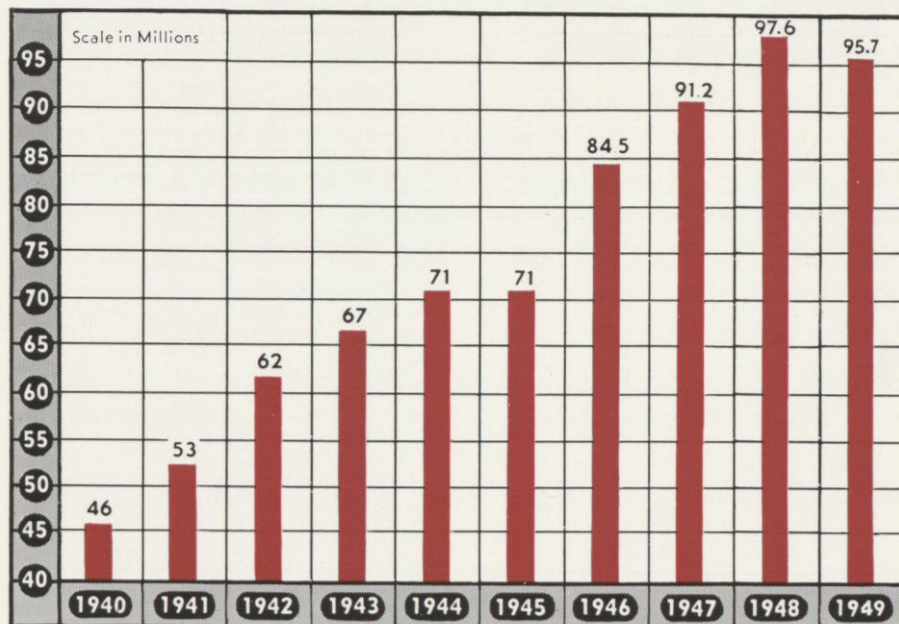
BALANCE SHEET INFORMATION

	CURRENT Assets	CURRENT Liabilities	Net Working Capital	Net Fixed Assets	Per Share of Common Stock	
					Working Capital	Net Worth
1949	\$22,331,504	\$6,754,616	\$15,576,888	\$18,315,879	13.66	25.26
1948	23,687,945	6,782,548	16,905,397	14,983,021	14.83	23.71
1947	27,100,690	9,098,099	18,002,591	11,809,483	15.79	21.88
1946	24,004,068	6,810,585	17,193,483	10,744,300	15.08	20.16
1945	19,516,530	7,516,974	11,999,556	10,285,770	11.57	16.48
1944	19,403,172	8,012,208	11,390,964	10,849,283	11.50	15.06
1943	18,543,282	7,858,453	10,684,829	11,293,066	10.79	14.15
1942	18,475,795	8,713,568	9,762,227	11,915,988	9.86	13.15
1941	14,521,890	5,919,016	8,602,874	12,101,263	8.69	12.05
1940	11,115,409	3,361,337	7,754,072	11,980,207	7.83	11.05

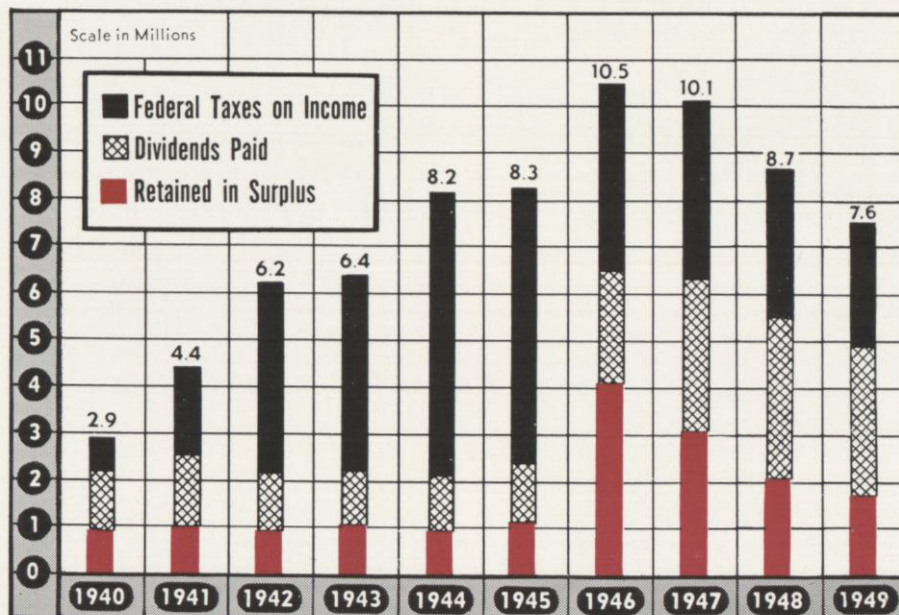
**McCRORY
STORES
CORPORATION**

Graphic Picture of Sales & Profits

ANNUAL SALES



DISPOSITION OF INCOME



**SALES
AND
PROFITS**

**TO THE BOARD OF DIRECTORS
McCRORY STORES CORPORATION
NEW YORK, N. Y.**

We have examined the balance sheet of McCrory Stores Corporation (Delaware Corporation) as at December 31, 1949 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination of the merchandise inventories included a general review of the inventory records, tests to determine the mathematical accuracy of the inventory schedules and physical tests of the quantities included in the warehouse inventories. We reviewed the method of store inventory taking as outlined in the inventory instructions issued by the management, and had our representatives present at certain stores, selected by us, for the purpose of satisfying ourselves that the inventory instructions were carried out effectively. At such stores, tests were made of quantities and retail prices which were checked to the merchandising records used as a basis for the retail method of inventory valuation.

In our opinion, the accompanying balance sheet and statement of income and earned surplus, together with the notes to financial statements, present fairly the financial position of McCrory Stores Corporation (Delaware Corporation) at December 31, 1949, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

Certified Public Accountants

New York, N. Y. February 15, 1950.

**ACCOUNTANTS'
REPORT**

Statement of Income and Earned Surplus

For the Year Ended December 31, 1949

SALES (merchandise, restaurant and concession)	\$95,767,297.57
Cost of goods sold and operating expenses including occupancy and general and administrative expenses ...	87,385,412.92
	<u>8,381,884.65</u>
Miscellaneous income, less other deductions	154,828.60
Net income before depreciation, amortization and Federal income taxes	8,536,713.25
Depreciation and amortization	950,522.05
Net income before Federal income taxes	<u>7,586,191.20</u>
Provision for Federal income taxes	2,755,000.00
NET INCOME FOR THE YEAR	<u>4,831,191.20</u>
EARNED SURPLUS (since January 1, 1936):	
Balance as at December 31, 1948	18,177,418.47
	<u>23,008,609.67</u>
Dividends paid on:	
Common Stock—\$2.50 per share \$ 2,850,602.50	
Preferred Stock	210,000.00
	<u>3,060,602.50</u>
EARNED SURPLUS—Balance as at Dec. 31, 1949—Note D..	<u><u>\$19,948,007.17</u></u>

The Notes to Financial Statements are an integral part of the above statement and should be read in conjunction therewith.

**McCRORY
STORES
CORPORATION**

McCrorry Stores

(Delaware)

BALANCE SHEET as of

ASSETS

CURRENT ASSETS:

Cash on hand, in banks and in transit	\$ 6,876,316.19	
U. S. Government obligations—at par	4,000,000.00	
Merchandise inventories at stores and warehouses—Note A	\$10,211,786.23	
Merchandise in transit—at cost	1,195,328.60	11,407,114.83
Miscellaneous accounts receivable, less reserve		48,073.50
Total Current Assets		<u>22,331,504.52</u>

FIXED ASSETS:

Real estate, at adjusted value Dec. 31, 1936 and subsequent additions at cost	6,322,795.50	
Less: Reserve for depreciation	1,512,450.12	4,810,345.38
Furniture and fixtures, equipment and utensils, at cost	8,985,663.77	
Less: Reserve for depreciation	3,471,411.78	5,514,251.99
Improvements to leased property, at ad- justed value Jan. 1, 1936 and sub- sequent additions at cost	11,234,631.54	
Less: Reserve for amortization	3,243,349.74	7,991,281.80
Total Fixed Assets		<u>18,315,879.17</u>

DEFERRED CHARGES:

Prepaid rents, insurance, taxes, store supplies, etc.	908,522.36	
		<u>\$41,555,906.05</u>

NOTES TO FINANCIAL STATEMENTS

NOTE A—

Merchandise at Stores:

Inventories at the lower of cost or market based upon the retail method of inventory valuation	\$ 9,605,445.77
Inventories at cost—Restaurants	84,852.47
Merchandise at Warehouses—at cost	521,487.99
	<u>\$10,211,786.23</u>

Cost of goods sold for the current year has been determined on the basis of inventories established as outlined above.

NOTE B—

The 3½% Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation in whole or in part, at \$105.00 per share to January 1, 1951, at \$104.50 per share to January 1, 1952, and thereafter the redemption price will be \$104.00 per share, plus in each case accrued dividends to date of redemption, and in the event of voluntary liquidation, is entitled to receive an amount equal to the then redemption price, and in the event of involuntary liquidation, is entitled to \$100.00 per share and accrued dividends.

**McCRORY
STORES
CORPORATION**

es Corporation

orporation)

t December 31, 1949

LIABILITIES

CURRENT LIABILITIES:

Accounts payable—including merchandise in transit . .	\$ 2,524,178.54
Accrued expenses, taxes, rents, salaries, officers' and employees' bonus, etc.	3,480,002.68
Reserve for Federal taxes on income . .	\$2,870,434.91
Less: U. S. Treasury Notes	<u>2,120,000.00</u>
Total Current Liabilities	<u>6,754,616.13</u>

CAPITAL STOCK AND SURPLUS:

Preferred Stock —

Par Value \$100.00 Per Share:

Authorized 80,000 shares

3½% Series—Cumulative Convertible

Issued and outstanding 60,000 shares

—Note B 6,000,000.00

Common Stock—Par Value \$1.00 Per Share—Note C

Authorized 1,400,000 shares

Issued and outstanding 1,140,241 shares 1,140,241.00

Capital Surplus

(no change during year)—Note D . . 7,713,041.75

Earned Surplus (since January 1, 1936)

—Note D 19,948,007.17 34,801,289.92

\$41,555,906.05

IAL STATEMENTS

NOTE C—

Of the total of 1,400,000 shares of Common Stock authorized, 150,000 shares are reserved for issuance upon conversion of the 3½% Cumulative Convertible Preferred Stock.

NOTE D—

Pursuant to certain restrictions in connection with the authorization of 3½% Cumulative Convertible Preferred Stock, Capital and Earned Surplus as at December 31, 1949 in the approximate amount of \$15,700,000 is not available for dividends on the Common Stock.

GENERAL—


At December 31, 1949 the minimum annual rentals upon property leased to the Corporation under 252 leases expiring after December 31, 1952, amount to approximately \$2,900,000.00, plus real estate taxes, insurance, etc.

The accompanying financial statements are subject to the final determination of Federal and State taxes.

1949
BALANCE
SHEET



REMODELED BROOKLYN, N. Y. STORE COMPLETED SEPTEMBER 1949



**BROOKLYN
N. Y.
STORE**



ENLARGED LANCASTER, PA. STORE COMPLETED DECEMBER 1949



**LANCASTER
PA.
STORE**



NEW LAFAYETTE, LOUISIANA STORE OPENED DECEMBER 1949

LAFAYETTE
LA.
STORE



NEW WACO, TEXAS STORE OPENED JULY 1949



WACO
TEXAS
STORE

201 McCrory Stores...

Alabama (2)

Eufaula
Mobile

Arkansas (3)

†Eldorado
Fort Smith
Jonesboro

Connecticut (1)

Danbury

Delaware (1)

Dover

Dist. of Col. (1)

Washington

Florida (37)

Arcadia
Bartow
Bradenton
Clearwater
Daytona Beach
128 S. Beach St.
814 Main St.
Deland
Fort Lauderdale
Fort Myers
Fort Pierce
Gainesville
Homestead
Jacksonville
Kissimmee
Lake City
Lakeland
Leesburg
Live Oak
Melbourne
Miami
Miami Beach
New Smyrna
Ocala
Orlando
Palatka
Panama City

Fla. (cont.)

Plant City
Punta Gorda
Quincy
Sanford
Sarasota
St. Augustine
St. Petersburg
Tallahassee
Wauchula
West Palm Beach
Winter Haven

Georgia (7)

Atlanta
Bainbridge
Columbus
Cordele
Savannah
Tifton
Valdosta

Indiana (3)

Anderson
Indianapolis
Terre Haute

Kentucky (1)

Louisville

Louisiana (3)

Lafayette
New Orleans
1626 Dryades St.
1005 Canal St.

Maryland (8)

Baltimore
Cambridge
Crisfield
Cumberland
Easton
Frederick
Hagerstown
Salisbury

Massachusetts (2)

New Bedford
1115 Acushnet Ave.
1009 S. Water St.

Mississippi (2)

Jackson
McComb

Missouri (1)

St. Louis

New Jersey (10)

Asbury Park
Atlantic City
Burlington
Camden
Jersey City
Newark
Orange
Passaic
Perth Amboy
Rahway

New York (8)

†Bay Shore, L. I.
Brooklyn
Johnson City
Long Island City
New York City
Niagara Falls
Rego Park
Syracuse

North Carolina (4)

Dunn
Fayetteville
Roanoke Rapids
Tarboro

Ohio (9)

Canton
Cleveland
Dayton
East Liverpool
Hamilton
Kent

**McCRORY
STORES
CORPORATION**

... IN TWENTY-THREE STATES *

Ohio (cont.)

Springfield
Steubenville
Youngstown

Pennsylvania (57)

Allentown
Altoona
Barnesboro
Bethlehem
Bradford
Bristol
Brookville
Canonsburg
Carlisle
Carnegie
Chambersburg
Charleroi
Chester
Clearfield
Connellsville
Cresson
Donora
DuBois
Ebensburg
Emporium
Franklin
Greensburg
Hanover
Homestead
Huntingdon
Indiana
Johnstown
Kane
Lancaster
Lebanon
Lewistown
Monongahela
Mt. Pleasant
Patton

Pa. (cont.)

Philadelphia
1205 Market St.
919 Market St.
38 S. 52nd St.
Philipsburg
Pittsburgh
105 E. Ohio St.
314 Fifth Avenue
Portage
Pottstown
Punxsutawney
Reading
Reynoldsville
Ridgway
Scottdale
Scranton
Somerset
South Fork
Tyrone
Vandergrift
Waynesboro
Waynesburg
Wilkes-Barre
Windber
York

South Carolina (8)

Aiken
Chester
Columbia
Gaffney
Georgetown
Greenwood
Newberry
Rock Hill

Tennessee (4)

Bristol
†Kingsport

Tenn. (cont.)

Morristown
Oak Ridge

Texas (14)

Big Spring
Corpus Christi
Denton
Fort Worth
Galveston
Hillsboro
McAllen
Nacogdoches
Palestine
San Antonio
Taylor
Terrell
Waco
Wichita Falls

Virginia (7)

Cape Charles
Charlottesville
Front Royal
Harrisonburg
Pulaski
Staunton
Winchester

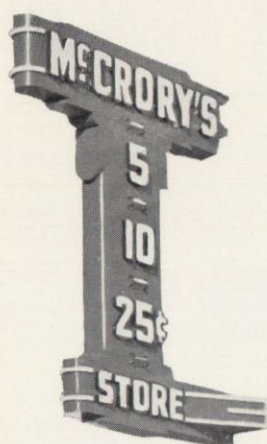
West Virginia (11)

Charleston
Clarksburg
Fairmont
Grafton
Huntington
Mannington
Martinsburg
Morgantown
New Martinsville
Parkersburg
Wheeling

*And the District of Columbia

†Stores contemplated or under construction.

Stockrooms at New York, N. Y. and Huntingdon, Pa.



**McCRORY
STORES
CORPORATION**

